

Message Text

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ACTION EUR-12

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TO SECSTATE WASHDC 9631
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
USMISSION NATO
DIA WASHDC
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L LISBON 8829

E.O. 11652: GDS
TAGS: PINT PO
SUBJECT: CUNHAL STEPS UP ATTACKS ON GOVERNMENT

REFS: (A) LISBON 8791 (DTG 221632Z DEC 76), (B) LISBON 8266
(DTG 291841Z NOV 76), (C) LISBON 7947 (DTG QUQURPZ NOV 76)

SUMMARY: CUNHAL, AT DEC 22 PRESS CONFERENCE, WAS CRITICAL OF
THE U.S. LOAN AND THE POLICIES OF THE SOARES GOVERNMENT. HE
REAFFIRMED PCP PROPOSALS FOR A GOVERNMENT WITH COMMUNIST PARTI-
CIPATION, BUT REJECTED PCP COLLABORATION IN CDS AND PSD MANEUVERS
TO TOPPLE THE GOVERNMENT. CUNHAL SET THE STAGE FOR TOUGH PCP
BARGAINING IN RETURN FOR ABSTENTION ON THE GOVERNMENT BUDGET AND
ECONOMIC PLAN. END SUMMARY.
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1. CUNHAL PRESENTS PCP POSITION: AT A DEC 22 PRESS CONFERENCE
PCP SECRETARY-GENERAL CUNHAL PRESENTED A CENTRAL COMMITTEE ANALYSIS
OF THE CURRENT POLITICAL SITUATION. THE PCP MADE THE FOLLOWING
POINTS:
(A) THE DANGER FROM THE "FASCIST CONSPIRACY" AND

THE PS GOVERNMENT:

-- THE "FASCIST CONSPIRACY" HAS JOINED WITH THE PS GOVERNMENT IN A GENERAL OFFENSIVE AGAINST REVOLUTIONARY GAINS.
-- THE GROWING DEPENDENCE ON IMPERIALISM, THE INCREASING USE OF REPRESSION, AND CONSTITUTIONAL VIOLATIONS DEMONSTRATE THAT THE GOVERNMENT POLICY LEADS TOWARD A NEW DICTATORSHIP.

(B) LOCAL ELECTIONS:

-- THE LOCAL ELECTIONS REFLECTED POPULAR DISCONTENT WITH GOVERNMENT POLICY AND REINFORCE THE POSITION OF THE PCP AND ITS CLOSEST ALLIES.
-- CONTINUATION OF A BROAD FRONT SIMILAR TO FEPU (THE COMMUNIST ELECTION FRONT) SHOULD BE CONSIDERED.

(C) AGRARIAN REFORM:

-- THE PLAN OF THE AGRICULTURE MINISTRY IS A FRONTAL ASSAULT ON AGRARIAN REFORM.
-- THE PCP WILL USE ALL CONSTITUTIONAL MEANS TO DEFEND AGRARIAN REFORM.

(D) WORSENING SOCIAL SITUATION:

-- THE GOVERNMENT HAS PUT NATIONALIZATIONS IN JEOPARDY; THIS COULD LEAD TO A RAPID DETERIORATION OF SOCIAL AND ECONOMIC CONDITIONS.
-- THE JANUARY TRADE UNION CONGRESS WILL PLAY A KEY ROLE. THE GOVERNMENT-EMPLOYERS ALLIANCE CONSIDERS A UNITED LABOR MOVEMENT A GREAT OBSTACLE TO ITS CONFIDENTIAL

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POLICIES OF CAPITALIST RECOVERY.

-- THE PROPOSED BUDGET AND ECONOMIC PLAN FOR 1977 INCREASE DIFFICULTIES FOR WORKERS, AND PROMOTES "CAPITALIST RECOVERY" AND GROWING DEPENDENCE ON IMPERIALISM.

(E) DEMOCRATIC ALTERNATIVES:

-- THE PCP URGES THE SOLUTION PROPOSED AT ITS LAST CONGRESS (REF B): A GOVERNMENT OF THE LEFT BASED ON PS AND PCP PARTICIPATION; OR A GOVERNMENT OF SOCIALISTS, COMMUNISTS, INDEPENDENTS AND MILITARY HEADED BY A NON-PARTY FIGURE.
-- THE FORMATION OF AN ALTERNATIVE GOVERNMENT SHOULD INCLUDE CONSULTATIONS WITH THE PRESIDENT OF THE REPUBLIC AND THE REVOLUTIONARY COUNCIL.

2. PCP WILL NOT SEEK TO TOPPLE GOVERNMENT:
REPLYING TO QUESTIONS, CUNHAL SAID:

-- NEITHER MANEUVERS NOR SUPPORT: THE PCP "WOULD NEITHER ALLY WITH THE REACTIONARY MANEUVERS OF THE CDS AND PSD TO TOPPLE THE GOVERNMENT, NOR WOULD IT SERVE AS A SUPPORT FOR THE ACTIONS OF THE SOARES CABINET."

-- U.S. LOAN: "A LOAN OF THAT SIZE LEADS TO SUBMISSION TO IMPERIALISM. SUCH A LOAN COULD MEAN THE LOSS OF THE POSSIBILITY OF CONTROLLING THE NATIONAL ECONOMY."

3. COMMENT: CUNHAL REITERATED THE PCP LINE SET FORTH IN MID-NOVEMBER (REFS B AND C). THE PCP LIST OF COMPLAINTS AGAINST THE GOVERNMENT AGRARIAN POLICY REVEALS EXTENT TO WHICH PCP IS FEELING THE SQUEEZE IN THE ALENTEJO. THE ALTERNATIVE GOVERNMENTS SUGGESTED ARE IDENTICAL TO THOSE PROPOSED EARLIER BY THE COMMUNISTS. THE ONLY NEW ASPECT IS THE CALL FOR INCLUSION OF THE PRESIDENT AND THE REVOLUTIONARY COUNCIL IN NEGOTIATIONS OVER THE CABINET'S COMPOSITION.

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4. THE HEAVY PCP CRITICISM OF THE BUDGET AND THE ACCOMPANYING ECONOMIC PLAN SET THE STAGE FOR TOUGH NEGOTIATIONS WITH THE SOCIALISTS. THE PRICE OF PCP ABSTENTION ON THE PLAN AND BUDGET COULD COME HIGH. BUT, CUNHAL'S DECLARED INTENTION NOT TO JOIN THE PSD AND CDS IN EFFORTS TO TOPPLE THE GOVERNMENT SUGGESTS THE COMMUNISTS ARE RELUCTANT TO FORCE ANY CHANGES THEY CANNOT CONTROL.
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